

CHAPTER 72—H.F.No. 26

An act relating to workers' compensation; providing for the organization and powers of the state compensation insurance fund; amending Minnesota Statutes 1986, sections 11A.24, subdivision 4; 176A.02, subdivisions 1 and 2; and 176A.04.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1986, section 11A.24, subdivision 4, is amended to read:

Subd. 4. **OTHER OBLIGATIONS.** The state board may invest funds in bankers acceptances, certificates of deposit, commercial paper, mortgage participation certificates and pools, repurchase agreements and reverse repurchase agreements, guaranteed investment contracts, ~~and~~ savings accounts, and guaranty fund certificates, surplus notes, or debentures of domestic mutual insurance companies if they conform to the following provisions:

(a) bankers acceptances of United States banks shall be limited to those eligible for purchase by the Federal Reserve System;

(b) certificates of deposit shall be limited to those issued by banks and savings institutions that meet the collateral requirements established in section 9.031, unless sufficient volume is unavailable at competitive interest rates. In that event, noncollateralized certificates of deposit may be purchased from United States banks and savings institutions that are rated in the highest quality category by a nationally recognized rating agency;

(c) commercial paper shall be limited to those issued by United States corporations or their Canadian subsidiaries, shall be of the highest quality and mature in 270 days or less;

(d) mortgage participation or pass through certificates evidencing interests in pools of first mortgages or trust deeds on improved real estate located in the United States where the loan to value ratio for each loan as calculated in accordance with section 61A.28, subdivision 3 does not exceed 80 percent for fully amortizable residential properties and in all other respects meets the requirements of section 61A.28, subdivision 3. In addition the state board may purchase from the Minnesota housing finance agency all or any part of any pool of residential mortgages, not in default, which has previously been financed by the issuance of bonds or notes of the agency. The state board may also enter into a commitment with the agency, at the time of any issue of bonds or notes, to purchase at a specified future date, not exceeding 12 years from the date of the issue, the amount of mortgage loans then outstanding and not in default, which have been made or purchased from the proceeds of the bonds or notes. The state board may charge reasonable fees for any such commitment, and may agree to purchase the mortgage loans at a price such that the yield thereon to the state board will, in its judgment, be comparable to that available on similar mortgage loans at the date of the bonds or notes. The state board may also enter

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

into agreements with the agency for the investment of any portion of the funds of the agency for such period, with such withdrawal privileges, and at such guaranteed rate of return, if any, as may be agreed between the state board and the agency.

(e) collateral for repurchase agreements and reverse repurchase agreements shall be limited to letters of credit and securities authorized in this section;

(f) guaranteed investment contracts shall be limited to those issued by insurance companies rated in the top four quality categories by a nationally recognized rating agency;

(g) savings accounts shall be limited to those fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Sec. 2. Minnesota Statutes 1986, section 176A.02, subdivision 1, is amended to read:

Subdivision 1. **FUND CREATED.** The fund is created as a nonprofit independent public corporation for the purpose of insuring employers against liability for personal injuries for which their employees may be entitled to benefits under chapter 176. The fund must be organized as a domestic mutual insurance company.

Sec. 3. Minnesota Statutes 1986, section 176A.02, subdivision 2, is amended to read:

Subd. 2. **BOARD OF DIRECTORS.** The board of directors consists of seven members and the commissioner of labor and industry and the manager of the fund who shall be ~~an~~ ex officio member members. Each director shall hold office until a successor is appointed and qualifies. Each director shall represent a policyholder and may be an employee of a policyholder. A policyholder may designate a person to represent them on the board. The initial board of directors shall be appointed by the governor and shall consist of seven members, and the commissioner of labor and industry. Each member of the initial board shall be either an employer or employee. If the fund is operational and issuing policies upon the expiration of the terms of the initial board and thereafter, the governor shall appoint every other director until the governor has made four appointments. The remaining three directors shall be chosen by the fund's policyholders. In addition to the commissioner, no more than one member of the board shall be a representative of a governmental entity. At least two members of the board shall represent private, for profit, enterprises. No member of the board may represent or be an employee of an insurance company.

The membership terms shall be as provided in section 15.0575. The membership compensation shall be set by the board.

The board shall annually elect a chair from among its members and other officers it deems necessary for the performance of its duties.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 4. Minnesota Statutes 1986, section 176A.04, is amended to read:

176A.04 GENERAL POWERS.

For the purpose of exercising the specific powers granted in this chapter and effectuating the other purposes of this chapter, the fund:

- (a) may sue and be sued;
- (b) may have a seal and alter it at will;
- (c) may make, amend, and repeal rules relating to the conduct of the business of the fund;
- (d) may enter into contracts relating to the administration of the fund;
- (e) may rent, lease, buy, or sell property in its own name and may construct or repair buildings necessary to provide space for its operations;
- (f) may declare a dividend when there is an excess of assets over liabilities, and minimum surplus requirements as consistent with chapter 60A;
- (g) may pay medical expenses, rehabilitation expenses, compensation due claimants of insured employers, pay salaries, and pay administrative and other expenses;
- (h) may hire personnel and set salaries and compensation; and
- (i) may perform all other functions and exercise all other powers of a domestic mutual insurance company that are necessary ~~or~~, appropriate, or convenient to administer the fund.

Sec. 5. EFFECTIVE DATE.

This act is effective the day following final enactment.

Approved May 11, 1987

CHAPTER 73—H.F.No. 29

An act relating to traffic regulations; requiring motor vehicle operators to use child passenger restraint system when transporting child under age of four; assessing court costs to violator under certain conditions; imposing penalty; amending Minnesota Statutes 1986, section 169.685, subdivision 5, and by adding a subdivision.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1986, section 169.685, subdivision 5, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.